

U.S. Small Business Administration

Summary of Performance and Financial Information

Fiscal Year 2012

Enabling the Establishment & Growth of Small Businesses





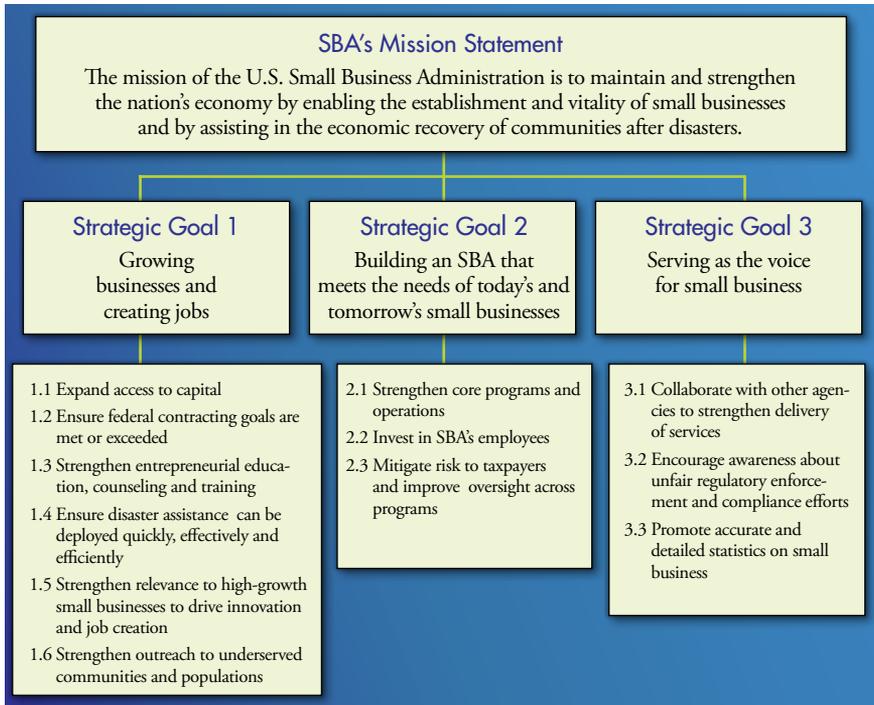
Karen G. Mills
Administrator

SBA's efforts to assist entrepreneurs and small business owners are critical as the U.S. economy continues to recover and grow. Throughout America's history, small businesses have played the leading role in job creation. More than half of working Americans own or work for a small business, and small businesses are responsible for two out of every three net new private sector jobs created over the past decade.

In FY 2012, the SBA built on its record-breaking year in FY 2011 with its second consecutive year supporting more than \$30 billion in lending to more than 47,000 companies. FY 2012 also reflected a third consecutive record-breaking year for the Small Business

Investment Company program, with more than \$3 billion in growth capital provided to over 1,000 small businesses, a 17 percent increase from FY 2011 and an 83 percent increase from FY 2010. In FY 2012, the SBA launched a streamlined disaster loan application process which resulted in a turn-around time for disaster loans of less than 10 days and more than \$689 million in loan approvals. SBA's resource partner network served over one million clients. From January 2009 through September 2011, small businesses have accessed more than \$286.3 billion dollars in federal contracts. For more detailed information related to this *Summary of Performance and Financial Information* (SPFI), see the *FY 2012 Agency Financial Report* (AFR) and the *FY 2014 Congressional Budget Justification* and *FY 2012 Annual Performance Report* (CBJ/APR) at www.sba.gov/performance.

SBA's headquarters is located in Washington, D.C. and its business products and services are delivered with the help of field personnel and a vast network of private sector and nonprofit partners in each U.S. state and territory. FY 2012 was the second year of a five-year Strategic Plan focused on three overarching goals:



SBA by the Numbers

(Dollars in Millions)

		FY 2009	FY 2010	FY 2011	FY 2012
Total Portfolio ⁽¹⁾	Outstanding Principal Balance	\$ 90,451	\$ 93,340	\$ 99,204	\$ 102,631
Capital ⁽²⁾					
7(a) Loans	Dollars of Gross Loans Approved	\$ 9,191	\$ 12,407	\$ 19,638	\$ 15,153
504 Loans	Dollars of Gross Loans Approved	\$ 3,834	\$ 4,433	\$ 4,845	\$ 6,712
Microloans ⁽³⁾	Dollars of Gross Loans Approved to Microborrowers	\$ 36	\$ 47	\$ 47	\$ 45
Surety Bond	Number of Bid and Final Bonds Guaranteed	6,135	8,348	8,638	9,503
Contracting ^{(3) (4)}					
Prime Contracting	Dollars of Annual Federal Contracts to Small Businesses	\$ 96,834	\$ 97,947	\$ 91,468	\$ — ⁽⁵⁾
Prime Contracting	Percentage of Federal Contracts to Small Businesses	21.89%	22.66%	21.65%	— ⁽⁵⁾
HUBZone	Dollars of HUBZone Contracts	\$ 12,413	\$ 11,969	\$ 9,915	\$ — ⁽⁵⁾
8(a) Program	Dollars of 8(a) Contracts	\$ 18,670	\$ 18,466	\$ 16,678	\$ — ⁽⁵⁾
Counseling and Training ^{(6) (7)}					
SCORE	Number of Clients Trained	176,621	236,853	221,019	292,264
SBDC	Number of Clients Trained	375,669	379,794	352,290	332,421
WBC	Number of Clients Trained	131,065	135,941	115,805	114,931
Microloans	Number of Clients Trained	10,908	15,180	15,964	15,892
Disaster ^{(1) (2)}					
Disaster Assistance	Dollars of Gross Loans Approved	\$ 1,130	\$ 574	\$ 739	\$ 690
High-growth Small Businesses ⁽⁷⁾					
SBIC	Dollars of SBA Debenture Leverage Committed to SBICs	\$ 788	\$ 1,165	\$ 1,827	\$ 1,924
SBIC	Dollars of SBIC Debenture Capital to Small Businesses	\$ 1,227	\$ 1,587	\$ 2,589	\$ 2,950

(1) The total portfolio consists of guaranteed business loans outstanding, direct business loans, and direct disaster loans. The data includes all performing loans and defaulted loans that have not been charged off.

(2) There are four basic ways to present loan data: (1) Gross Loans Approved (the total loans approved); (2) Net Loans Approved (gross loans approved plus any loan increases minus any cancellations); (3) Disbursed Loans (the amount that is actually given to the borrower); and (4) Lending Supported. Gross Loans Approved is presented in the "Capital" and "Disaster Assistance" sections because it is the only loan data that remains constant over time. Lending Supported is defined on Page 4, footnote 1.

(3) A more precise methodology was developed in FY 2012 to calculate "Loans Approved to Microborrowers." Prior year results have been restated to reflect this change.

(4) The federal goal is to give small businesses at least 23 percent of all government-wide contract dollars. The SBA negotiates goals annually with each federal agency on an individual basis, however, the SBA has no authority to enforce other federal agencies' contracting goals.

(5) Federal agencies have not yet certified their FY 2012 data. The SBA expects to receive the FY 2012 certified data in the 3rd or 4th quarter of FY 2013.

(6) The FY 2012 numbers for Counseling and Training are preliminary. Final numbers will appear in the FY 2014 CBJ/ FY 2012 APR.

(7) SBDCs are Small Business Development Centers, WBCs are Women's Business Centers, and SBICs are Small Business Investment Companies.

Key SBA Accomplishments in FY 2012

Second Highest Year in SBA Lending: The SBA built on its record breaking year in FY 2011 with its second consecutive year supporting more than \$30 billion in lending. In addition, the 504 loan program set an all-time record in dollar terms in FY 2012. Overall for FY 2012, the SBA supported more than \$30.25 billion in lending to more than 47,000 companies.

Agency Priority Goal: By September 30, 2013, increase the use of paperless processing in the 7(a) program from 72 percent to 90 percent and in the 504 program from 55 percent to 75 percent to improve the efficiency, effectiveness, and level of service in the business loan programs. The FY 2012 target for 7(a) was 85 percent and the SBA achieved 86.1 percent, and the target for 504 was 62 percent and the SBA achieved 64.5 percent.

**ACHIEVED
FY 2012
TARGET**



Third Consecutive Record Year in Growth Capital: Investment funds licensed as SBICs provided more than \$3 billion in growth capital to over 1,000 small businesses, a 17 percent increase from FY 2011. In FY 2012, the SBA licensed a record 27 SBIC debenture funds and licensing times dropped over 60 percent, from 14.6 months in FY 2009 to 5.4 months in FY 2012.

Agency Priority Goal: From FY 2012 through September 30, 2013, commit at least \$4.3 billion of capital via the Small Business Investment Company program in order to facilitate access to capital for high-growth companies and enhance job creation and retention by these companies. In FY 2012, the SBIC program exceeded its target by getting out a record of more than \$1.9 billion in commitment to its funds.

**ACHIEVED
FY 2012
TARGET**



Expanding Contracting Opportunities for Small Business: The SBA continues to work with agencies across the government to expand small business contracting opportunities. From January 2009 through September 2011, small businesses have been awarded more than \$286.3 billion in federal contracts. That is \$32 billion more than the previous three years, even as overall contract spending decreased during those years. (FY 2012 contracting numbers continue to be collected and certified.)

Agency Priority Goal: Maximize small business participation in federal government contracting to meet the statutory goals and ensure program benefits flow to the intended recipients. In FY 2011, out of \$422 billion in government contracts, small businesses received \$91.5 billion or 21.7 percent. (Data supporting the FY 2012 indicators are not finalized until the 3rd or 4th quarter of FY 2013. Therefore, FY 2011 data are reported on as required by OMB Circular A-11.) This Goal for FY 2012/13 was also a Priority Goal for FY 2010/11.

**SUBSTANTIALLY
ACHIEVED
TARGET**



Streamlined Disaster Assistance: The SBA quickly responded to over 345 disasters and approved over \$689 million in loans to businesses, homeowners and renters in FY 2012. In addition, the disaster application process was streamlined and today turnaround time for a disaster loan is under 10 days.

Agency Priority Goal: By September 30, 2013, increase the use of the Disaster Assistance electronic loan application (ELA) by 50 percent. In FY 2011, 26 percent of applications were received through the use of the ELA, so the goal is to increase that to 39 percent by September 30, 2013. In FY 2012, the SBA achieved 36.3 percent, exceeding the FY 2012 target of 27 percent.

**ACHIEVED
FY 2012
TARGET**



Inclusive Entrepreneurship: SBA's resource partner network served over one million clients in FY 2012. In addition, the entrepreneurial playing field was expanded through new initiatives, including a partnership with the AARP to counsel more than 100,000 entrepreneurs over the age of 50 during the next year. The SBA also launched an important veterans initiative, Boots to Business: From Service to Start-up, a program designed to help returning service members transition into successful small business ownership.

There was no Agency Priority Goal established for this initiative.

Performance Information on Key SBA Programs

The following table presents key SBA FY 2012 performance data from *Strategic Goal 1 – Growing businesses and creating jobs*. Although the SBA has three Strategic Goals, 93 percent of all SBA program costs are in Strategic Goal 1. Therefore, only Strategic Goal 1 performance indicators are presented here. The presentation of the performance indicators is by Strategic Objectives which follows SBA's Strategic Plan adopted in FY 2011. Detailed performance information on all SBA programs have been presented, and all variances explained, in the FY 2014 Congressional Budget Justification and FY 2012 Annual Performance Report, which can be found at www.sba.gov/performance.

Strategic Objective 1.1 – Capital

Program	Performance Indicator ⁽¹⁾	Type	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance
7(a) and 504	Lending Supported (\$ Billions) ⁽¹⁾	Output	\$24.6	\$17.8	\$22.4	\$30.5	\$30.3	\$22.4	35% G
7(a), 504, Microloan, and SBG	Jobs Supported ⁽²⁾	Outcome	713,574	514,035	583,737	700,736	609,437	574,800	6% G

(1) Lending Supported includes gross approvals in the 7(a) loan program, gross approvals in the 504 loan program, and third party loans that are made by commercial lenders as part of the 504 funding package.

(2) Job Supported numbers are self-reported by the borrower and appear in the SBA loan application form. A filter was applied to reduce outliers and jobs associated with cancelled loans.

Strategic Objective 1.2 – Contracting

Program	Performance Indicator ⁽³⁾	Type	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance
Prime Contracting	Percent of Federal Contract Dollars Awarded to Small Businesses	Outcome	21.50%	21.89%	22.66%	21.65%	23%	-6% Y

(3) The data supporting the FY 2012 indicators are not finalized until the 3rd or 4th quarter of FY 2013. Therefore, FY 2011 numbers are reported as required by OMB Circular A-11.

Strategic Objective 1.3 – Counseling and Training

Program	Performance Indicator	Type	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance
SBDC, WBC, SCORE and Online	Training Clients (#)	Output	1,220,051	1,295,355	1,232,588	923,114	739,616	N/A*	N/A
SBDC, WBC, and SCORE	Small Businesses Created (#)	Outcome	14,400	14,201	15,831	15,181	15,879	17,270	-8% Y

*New indicator. Did not Target for FY 2012.

Strategic Objective 1.4 – Disaster Assistance

Program	Performance Indicator	Type	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance
Disaster	Disasters Having a Field Presence Within 3 Days (%)	Output	100%	100%	100%	100%	100%	95%	5% G
Disaster	Customer Satisfaction Rate for Approvals (%)	Outcome	65%	72%	74%	80%	80%	71%	13% G

Strategic Objective 1.5 – Investment and Innovation

Program	Performance Indicator	Type	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance
SBIC	Debt Leverage Committed to SBICs (\$ Millions)	Output	\$1,029	\$788	\$1,165	\$1,827	\$1,924	\$1,900	1% G
SBIC	Small Businesses Assisted (#)	Output	1,905	1,481	1,331	1,339	1,094	1,500	-27% R



The Actual result meets or exceeds target.



The Actual result is within 10% or less of the target.



The Actual result is 90% or less than target.

Summary of SBA's Most Serious Management and Performance Challenges

On October 15, 2012, the Office of Inspector general (OIG) submitted to the SBA its report entitled: "Report on the Most Serious Management Challenges Facing the Small Business Administration in Fiscal Year 2013." The report is based on specific OIG, Government Accountability Office, and other official reports, as well as the OIG's general knowledge of SBA programs and operations. This report represents the OIG's current assessment of Agency programs or activities that pose significant risks, including those that are particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies. The following table provides a summary of the recommended actions identified in this report. For the full text of recommended actions, go to: www.sba.gov/performance → FY 2012 Agency Financial Report.

Challenge		Color Scores*					
		Status at End of FY 2012				Change from Prior Year	
		Green	Yellow	Orange	Red	Up	Down
1	Small Business Contracting	1		2		1	
2	IT Security		3	2			
3	Human Capital		1	3		1	
4	Loan Guaranty Purchase		1				
5	Lender Oversight	1	1	1		1	
6	8(a) Business Development Program		1	1	1		
7	Loan Agent Fraud	1	1			1	
8	Loan Management and Accounting System		1		3	1	3
9	Improper Payments – 7(a) program		2	2		1	
10	Improper Payments – Disaster Loan program		1				
11	Acquisition Management (NEW)						
TOTAL		3	12	11	4	6	3

*Green = "Implemented"; Yellow = "Substantial Progress"; Orange = "Limited Progress"; and Red = "No Progress"

- Challenge 1.** Procurement flaws allow large firms to obtain small business awards and agencies to count contracts performed by large firms towards their small business goals.
- Challenge 2.** Weaknesses in information systems security controls pose significant risks to the Agency.
- Challenge 3.** Effective human capital strategies are needed to enable the SBA to carry out its mission successfully and become a high-performing organization.
- Challenge 4.** The SBA needs to implement a quality control program in its loan centers.
- Challenge 5.** The SBA needs to further strengthen its oversight of lending participants.
- Challenge 6.** The Section 8(a) Business Development program needs to be modified so more firms receive business development assistance, standards for determining economic disadvantage are justifiable, and the SBA ensures that firms follow 8(a) regulations when completing contracts.
- Challenge 7.** Effective tracking and enforcement would reduce financial losses from loan agent fraud.
- Challenge 8.** The SBA needs to modernize its Loan Accounting System and migrate it off the mainframe.
- Challenge 9.** The SBA needs to accurately report, significantly reduce, and strengthen efforts to recover improper payments in the 7(a) loan program.
- Challenge 10.** The SBA needs to significantly reduce improper payments in the Disaster loan program.
- Challenge 11.** The SBA needs to effectively manage the acquisition program.

FY 2012 Financial Highlights

(Dollars in Thousands)

	FY 2012	FY 2011	% Change
Loan Portfolio ¹	\$ 102,630,652	\$ 99,203,933	3.5%
Total Assets	\$ 14,014,855	\$ 16,882,801	-17.0%
Total Liabilities	\$ 13,640,581	\$ 17,191,824	-20.7%
Total Net Position	\$ 374,274	\$ (309,023)	221.1%
Total Net Cost of Operations	\$ 1,274,805	\$ 3,460,562	-63.2%
Total Budgetary Resources	\$ 14,400,162	\$ 19,277,292	-25.3%

¹ The total portfolio consists of guaranteed business loans outstanding, direct business loans, and direct disaster loans. The data include all performing loans and defaulted loans that have not been charged off.

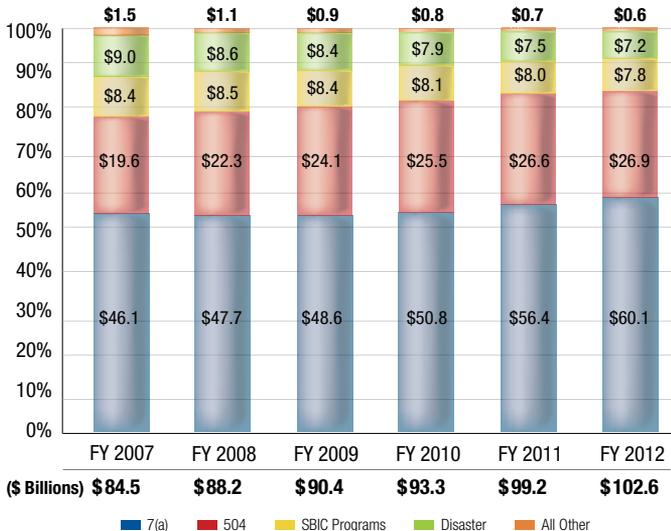
The following programs represent more than seventy-five percent of SBA's total budgetary resources for FY 2012:

Program	FY 2012	FY 2011	% Change
Disaster Assistance	\$ 253,350	\$ 253,428	0.0%
SBDCs	\$ 128,753	\$ 136,323	-5.6%
7(a) Loans	\$ 90,855	\$ 83,000	9.5%
8(a) Program	\$ 59,794	\$ 58,274	2.6%
504 Loans	\$ 37,495	\$ 38,888	-3.6%
Microloans	\$ 33,427	\$ 38,729	-13.7%
Prime Contracting	\$ 23,257	\$ 22,663	2.6%

FY 2012 Staffing Snapshot

	FY 2012	FY 2011	% Change
Regular FTE Employees	2,089	2,175	
Disaster Employees	1,145	1,141	
Total Employees	3,234	3,316	-2.5%

SBA's Outstanding Loan Portfolio



Contact SBA: Useful Sites and Numbers

The SBA home page is www.sba.gov. Information on SBA programs may be accessed from this site. Several of the more frequently visited sites are listed here:

SBA INFORMATION	
About SBA	www.sba.gov/about-sba
SBA Direct	www.sba.gov/sba-direct
SBA Strategic Plan	www.sba.gov/AgencyStrategicPlan
SBA Performance, Budget & Planning	www.sba.gov/performance
STARTING AND MANAGING A BUSINESS	
What is a Small Business?	www.sba.gov/content/am-i-small-business-concern
Thinking about starting a business?	http://www.sba.gov/thinking-about-starting/
Resources: Local Assistance	www.sba.gov/local-assistance
Lender Resources	www.sba.gov/lender_resources
Financing Growth	www.sba.gov/content/financing-growth
Explore Exporting	www.sba.gov/exporting
LOANS and GRANTS	
Small Business Loans	www.sba.gov/financialassistance
Bonds	www.sba.gov/content/surety-bonds-explained www.sba.gov/content/tax-exempt-bonds
Grants	www.sba.gov/content/facts-about-government-grants
CONTRACTING	
Government Contracting	www.sba.gov/contracting
Contracting Opportunities	www.sba.gov/contracting-opportunities
Register as a Contractor	www.sam.gov
Size Standards	www.sba.gov/size
COUNSELING and TRAINING	
Online Training	www.sba.gov/training
SBDCs	www.sba.gov/sbdc
Women's Business Centers	www.sba.gov/content/womens-business-centers
SCORE Counselors	www.sba.gov/score
Veterans Outreach	www.sba.gov/content/veterans-business-outreach-centers
DISASTER ASSISTANCE	
Disaster Assistance	www.sba.gov/disaster
Disaster Area Office Locations	www.sba.gov/about-offices-list/4
Response Office Locations for a Declared Disaster	Go to www.sba.gov/content/current-disaster-declarations and then select the disaster/affected area in question
FEMA Information	www.fema.gov
ADDITIONAL RESOURCES	
Office of Advocacy	www.sba.gov/advocacy
Office of the National Ombudsman	www.sba.gov/ombudsman
Office of the Inspector General	www.sba.gov/oig

SBA National Answer Desk (Toll Free) (800) 827-5722

Disaster Customer Service Center (Toll Free) (800) 659-2955